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TAGS: [PREL](#) [PGOV](#) [EAID](#) [EFIN](#) [KS](#) [KN](#) [IZ](#)
SUBJECT: FM SONG ON FTA, 6PT, U.S.-ROK ALLIANCE, AND IRAQ

REF: A. SEOUL 1016

[1](#)B. STATE 46243

Classified By: Amb. Alexander Vershow. Reasons 1.4 (b/d)

[1](#)1. (C) SUMMARY: On April 10, Foreign Minister Song Min-soon told the Ambassador that the ROKG and USG should stay coordinated on the KORUS FTA to avoid any perception that different interpretations existed on what was negotiated. Some in the ROK were concerned that the U.S. Congress might push for additional measures on labor and the environment and reopen FTA negotiations, something that was not politically feasible. On North Korea, Song opined that the DPRK had not intended to get so entangled in the BDA issue, so once technical issues were addressed, the Six-Party Talks could get back on track. The ROKG had "penciled in" the end of June for a possible presidential summit in the United States, but was reluctant to publicly discuss it until the appropriate time. Song also suggested that "symbolic gestures" on environmental issues in connection to USFK base returns could address ROK public perceptions. The Ambassador delivered Ref B points encouraging the ROKG during Iraqi Prime Minister Maliki's upcoming Seoul visit to support the International Compact with Iraq, perhaps by accelerating disbursement of ROKG assistance; Song undertook to study the matter. END SUMMARY.

KORUS FTA

[1](#)2. (C) During an April 10 meeting with the Ambassador, Foreign Minister Song Min-soon said that it was important for the USG and ROKG to stay on message and remain coordinated on interpretations of what was signed by the FTA negotiators. Echoing statements ROK Prime Minister Han Duck-soo made to the Ambassador on April 3 (ref a), FM Song said that potential differences of opinion on "Outward Processing Zones," like the Kaesong Industrial Complex (KIC), could hinder a smooth ratification of the FTA. KIC might come to be perceived as a barometer of security on the Peninsula, and if Six-Party Talks went well, and once the FTA was ratified, a swift convening of the committee to discuss the KIC would be a positive sign. Second, Song noted that the KORUS FTA negotiations were conducted in English, but since both Korean and English versions would be authentic, it would be essential to complete the agreement's documentation without complications. Finally, Song expressed the concern of some

ROK National Assemblymen that a Democratic U.S. Congress might seek to, essentially, reopen FTA negotiations to demand tougher labor and environmental provisions. Song said that the ROKG was willing to listen, but USG efforts to insist on new labor and environmental provisions, after the negotiations were concluded, would be "disastrous."

13. (C) The Ambassador reiterated congratulations to the ROKG for the successful conclusion of the FTA. As he had told PM Han, although there might be differences in presenting the agreed solution on the KIC, the USG stood by its commitment on "Outward Processing Zones." Both sides should strive to avoid misleading their publics that the FTA had already included goods from the KIC. Once Six-Party Talks saw more progress and after the appropriate period following FTA ratification, it might be more realistic to focus on the KIC.

Hopefully by that time, ambiguities that remained about labor conditions in the KIC would be cleared up. Labor and environmental issues were a delicate subject with the U.S. Congress at this time, but the issue was less about ROK labor standards than about conditions in other FTA partner countries. He urged the ROK to keep an open mind.

SIX-PARTY TALKS

14. (C) Song expressed frustration, lamenting that the DPRK was hard to handle and could barely manage itself. Song insisted that the DPRK had not intended to stall on the BDA issue nor had expected to get so entangled in the banking technicalities. All sides needed to find a solution to regain progress in the Six-Party Talks (6PT). Song said that if the DPRK were reasonable, it would find a way to resolve BDA and make progress toward implementing the February 13 "Initial Actions" agreement. Unfortunately, the DPRK was not being reasonable. Asked about a possible 6PT Foreign Ministerial, Song said it was not prudent to discuss a ministerial; the focus now should be on BDA.

U.S.-ROK ALLIANCE

15. (C) Song said that the ROKG had "penciled in" the end of June for a ROK Presidential visit to the United States, but did not want to publicly discuss it because the ROKG's current focus was on domestic issues, such as addressing concerns of FTA opponents. The Ambassador noted that the advantage of a late-June visit could be that it would come at the end of the 90-day review period for the KORUS FTA, the 6PT should have regained momentum and talks would be focused on Phase II of denuclearization, and it was enough ahead of the ROK December general election to avoid significant politicization. That said, there had been no decision yet in Washington.

16. (C) Song mentioned that Special Measures Agreement (SMA) transparency and accountability issues could cause a problem for the ROKG, especially if SMA money was used for base construction. On USFK base returns, although the ROKG could not satisfy all ROK environmentalists, its objective was to address the general public's assessment that more needed to be done. Song suggested that even USFK symbolic gestures would be welcomed. The Ambassador said that we could help manage appearances as long as there were no obligations that went beyond the SOFA commitments. The package deal agreed during the February Defense Minister's meeting should be honored.

INTERNATIONAL COMPACT WITH IRAQ

17. (C) The Ambassador delivered Ref B points and Treasury Deputy Secretary Kimmitt's letter that encouraged the ROKG to be represented at the Ministerial level at the May 3 meeting in Egypt, where the International Compact with Iraq (ICI)

will formally be signed by Iraq and the international community. During the upcoming visit to Seoul by Iraqi Prime Minister Maliki, the USG hoped that the ROK would decide to provide additional support for the Compact, perhaps in the form of accelerated disbursements of USD 149 million of the ROKG's Madrid pledge. It would also be helpful for the ROKG to encourage PM Maliki to reach out to Saudi Arabia, UAE and Kuwait as well as to take additional reforms that could be highlighted at the May 3 meeting; Song undertook to look further into the issue.

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